

TTAB YEAR IN REVIEW

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Focusing on Fraud



Medinol v. Neuro Vasx (2003)

NEURO VASX
registered for **stents**
and catheters.



Medinol stent

- Registrant claimed the word "stents" had been "overlooked" when the SOU form was completed. Said it didn't intend to commit fraud.

Medinol v. Neuro Vasx (cont.)

- "the appropriate inquiry . . . is not into the registrant's subjective intent, but rather into the objective manifestations of that intent."

Medinol v. Neuro Vasx (cont.)

- that the inclusion of stents in the notice of allowance was “apparently overlooked” - does nothing to undercut the conclusion that respondent knew or should have known that its statement of use was materially incorrect.

Medinol v. Neuro Vasx (cont.)

- Respondent's knowledge that its mark was not in use on stents - or its reckless disregard for the truth - is all that is required to establish intent to commit fraud in the procurement of a registration.

Medinol v. Neuro Vasx (cont.)

- There is no question that the statement of use would not have been accepted nor would registration have issued but for respondent's misrepresentation, since the USPTO will not issue a registration covering goods upon which the mark has not been used.

Medinol v. Neuro Vasx (cont.)

- Registrant's motion to amend denied. Board held, *sua sponte*, Registration void in its entirety.

Common Law Fraud

- A false representation of
- a material fact,
- knowingly made,
- with intent to deceive, which was
- relied upon by the injured party
- to his/her/its detriment.

Consequences of "F"

The application or registration is rendered void in its entirety (at least in the class involved).

How bad is that? The applicant or registrant loses the constructive first use date, which may be a problem particularly re ITUs.

"F" summarized?

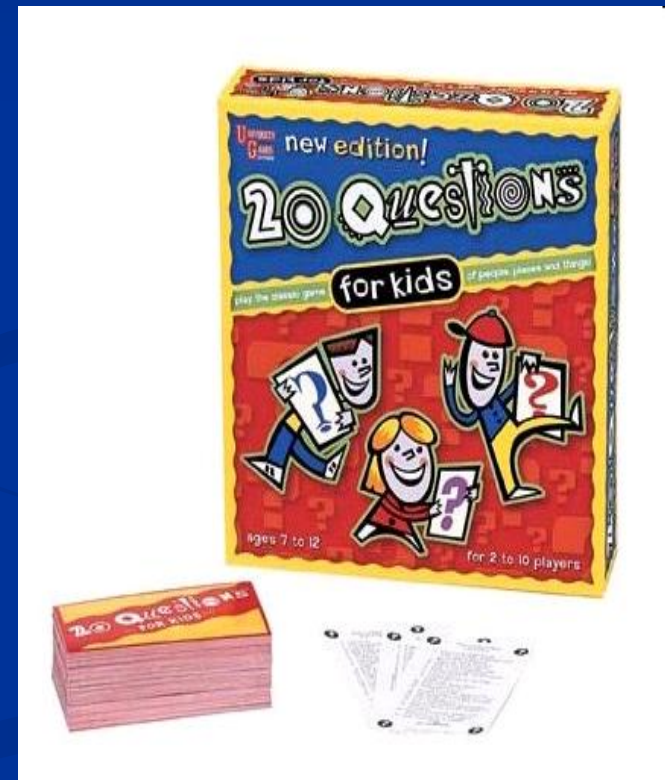
a statement regarding the use of a mark had better be true. Lack of legal advice, misunderstanding of the statutory requirements, language difficulties, and/or clever wordplay will not provide a defense to a charge of fraud. Nor will the (wholly expected) assertion of lack of fraudulent intent.

When May Fraud be Cured?

- *University Games* suggests that the key to curing fraud is to correct the false statement before the PTO has relied on the statement

University Games Corp. v. 20Q.net Inc.

University listed “board games, t-shirts, and supporting promotional materials including videos and paper products.” During prosecution, it restricted the goods to just board games.



University Games Corp. v. 20Q.net Inc.

- 20Q.net cried Fraud.
- University claimed use of mark on videos and paper products at trade shows.
- Board found factual issue as to intent.

University Games Corp. v. 20Q.net Inc.

- But two judges ruled that "the fact that Opposer amended its identification of goods during ex parte prosecution constitutes [*sic*] a rebuttable presumption that opposer lacked the willful intent to deceive the Office."

University Games Corp. v. 20Q.net Inc.

- Judge Walsh would have granted summary judgment to University because the amendment negated any intent to deceive and it removed materiality, since the PTO had not relied on the false statement in approving the application for publication.

DC Comics v. Gotham City Networking, Inc. [not precedential]

- Judge Walsh, in *dictum*, reiterated the view that a misstatement "does not rise to the level of fraud" if an applicant amends prior to publication.



When May Fraud be Cured?

- in a use-based application, before the PTO has approved the application for publication.
- in an ITU, before the PTO has accepted the Allegation of Use.
- or in an issued registration, before the PTO has accepted the Section 8 Declaration of Use.

When May Fraud be Cured?



- Registrant Sportsman's Warehouse was not obliged to amend its registration at the time it stopped using the mark for wholesale services.

When May Fraud be Cured?

- "... while respondent could have filed an amendment to its description of services to delete 'wholesale services' under Section 7 ... as soon as it stopped using its mark in connection with such services, it was also reasonable for respondent to do so when it filed its declaration of use under Section 8"

*Sierra Sunrise Vineyards v.
Montelvini S.p.A. [not precedential]*



- Italian wine company, owner of Section 44(e) registration, filed false Section 8 declaration of use.

"Fraudit" Time?

- Is it time to review pending use-based applications to see if any corrections need be made?
- Would it be better to file ITUs in the future?

Bose v. Hexawave appeal?

- 2001 renewal of WAVE registration for various goods, including tape recorders.
- Bose stopped making and selling tape recorders in 1996-97.

Bose v. Hexawave appeal?

- Bose claimed continued use because owners of tape recorders sent in their previously purchased goods for repair services, and Bose then "transported" them back to the owner. Bose did not re-label or make any alteration to the products, apart from the technical repair.

Bose v. Hexawave appeal?

- The Board noted that Bose offered no case support for its theory that "transporting" a product back to its owner after repair constitutes use of a trademark on the product as contemplated by Section 45 of the Trademark Act.

Bose v. Hexawave appeal?

- "[W]e do not find it reasonable to believe that an application of a mark at some point in the past to goods which have been sold, still serves to constitute use when those goods, now owned by another, are subsequently shipped again in connection with a repair service."

AIPLA *Amicus* Brief

- Fraud requires intentional deception or reckless conduct.
- Error in SOU may be immaterial when a registration covers highly related goods.
- Injury cannot be presumed from erroneous inclusion of goods.

Truth or Consequences?

- But even if a false declaration regarding use is not fraud on the PTO, should it be dubbed a "false oath" that requires refusal of the application?
- Does the TTAB mean what it says when it says that false declarations will not be tolerated?

Truth or Consequences?

- Respondent signed its statement of use under penalty of “fine or imprisonment, or both, ... and [knowing] that such willful false statements may jeopardize the validity of the application or any resulting registration....” Statements made with such degree of solemnity clearly are – or should be – investigated thoroughly prior to signature and submission to the USPTO. *Medinol.*

Is Your Intent *Bona Fide*?



L.C. Licensing, Inc. v. Berman

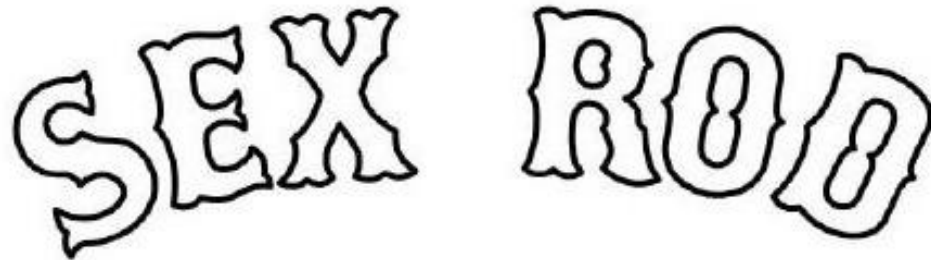
Pro se applicant
Berman sought to
register ENYCE for
custom automobile
accessories



L.C. Licensing, Inc. v. Berman

the absence of documentary evidence on the part of an applicant regarding such intent is sufficient to prove that the applicant lacks a bona fide intention to use the mark in commerce as required by Section 1(b).

Boston Red Sox Baseball Club Limited Partnership v. Sherman

A hand-drawn logo consisting of the words "SEX" and "ROD" in a stylized, bubbly, outlined font. The letters are thick and have a playful, irregular shape. The logo is centered within a white rectangular box.

Sherman stated on discovery that he had no documentation to support his claimed intention to use the mark for various clothing items.

Boston Red Sox Baseball Club Limited Partnership v. Sherman

He asserted that one can launch an "online apparel business" virtually overnight [using, for example, CafePress] without "forward planning." The Board found that testimony "simply not credible."

Quo Vadis?



Quo Vadis?

- What does this portend for foreign owners who, under Sections 44 and 66, must state a *bona fide* intent to use. ?
- Have *ENYCE* and *SEX ROD* opened up Pandora's Box for foreign trademark owners?
- What about fraud in claiming a *bona fide* intent? No case yet.

2(e)(4) Surname Refusals



In re Joint Stock Company "Baik."

- Reversal of 2(e)(4) refusal of BAIK for vodka.
- Judge Seeherman, concurring, questioned the relevance of the "look-and-feel" factor.



2(e)(4) Surname Refusals

- "Whether the surname at issue rhymes with another surname or differs from another surname by a letter or two should not be decisive on the issue of registration." The question should be: how many people have the same surname and may want to use the mark?

2(e)(4) Surname Refusals

- The same question may be asked regarding whether it makes any difference whether someone with the surname BAIK, or any other rare surname, has achieved notoriety? Does the Board's 2004 precedential decision in *In re Gregory* make sense?

In re Vicki Roberts

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In re Vicki Roberts

"in neither [substitute] specimen is irestmymcase used at all, or www.irestmymcase.com used to indicate the source of applicant's legal services. Rather, ... it ...simply serves as an address by means of which one may reach applicant's Internet website."

Is There a Doctor of Equivalents in the House?



In re Spirits Int'l N.V.,

Board affirmed a
Section 2(e)(3)
refusal to register
the mark
MOSKOVSKAYA
for vodka.



In re Spirits Int'l N.V.,

Applicant, based on its reading of *Palm Bay Imports*, asserted that the PTO had misapplied the doctrine of foreign equivalents because it had misinterpreted the CAFC's ruling in *Palm Bay*.

In re Spirits Int'l N.V.,

The PTO contended that under the doctrine of foreign equivalents, the ordinary American purchaser refers to the "ordinary American purchaser who is knowledgeable in the foreign language. "

In re Spirits Int'l N.V.,

The Board presumed that "a word in one of the common, modern languages of the world will be spoken or understood by an appreciable number of U.S. consumers for the product or service at issue."

In re Spirits Int'l N.V.,

The question then is, according to *Palm Bay*, whether those who understand the language "will stop and translate the word into its English equivalent." That, in turn, depends on the fact of the case.

In re Spirits Int'l N.V.,

"There is nothing in the record to indicate the mark would not be translated because of marketplace circumstances or the commercial setting in which it is used."

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THE END